THE REPORT OF THE PRESIDENT

for the year ending

January 1st, 1928

To the Stockholders of the
Washington Motor Coach Company, Inc.:

On behalf of the Officers and Trustees, I take this opportunity of calling to your notice the splendid growth of our Company.

This year has been a year of expansion and has required the constant attention of the Executive, Managerial and Legal Departments of our Company.

To acquire, then to organize and systematize and bring up to our standard of operating, has indeed been a real undertaking and much yet remains to be done before it can be considered complete.

DIRECTORATE

The personnel of the Directorate has remained unchanged as have also the Officers and it is my pleasure to state that entire harmony has existed at all times and splendid co-operation has been the result.

MANAGEMENT

The management has been on the job absorbing, re-arranging, assimilating, and when necessary, eliminating, and above all putting every operation on a splendid service basis with efficient equipment and personnel.

NEW LINES

On April 1st, 1927, we acquired by purchase from Wahlgren Bros., the freight line from Port Angeles to Forks and Mora.

On May 1st, 1927, we organized the Puget Sound Motor Coach Company, and acquired in its name, by purchase from Amel Larsen, the passenger and express line to Redmond, Carnation Farm, Tolt and Stillwater.

On October 1st, 1927, we acquired the controlling ownership, being 52% of the capital stock, of the Yakima Transit Company, operating all lines south from Yakima.

These are heavy travelled lines and extend to Toppenish, Prosser, Pasco and to Mabton, Roosevelt, Arlington, Ore., giving splendid connection for Portland, Ore. Also North to Tieton and Naches, the latter line being the key to Naches Pass which road, when completed, will be the shortest route from the Yakima and adjacent valleys to Western Washington.

On September 16th, 1927, a hearing was had before the Board of Public Works of the State of Washington on the necessity and convenience of a line from Wenatchee to Oroville through the Okanogan Valley, and in December, we were granted the certificate to serve this territory and the line is now in operation.

On September 28th, 1927, a hearing was had before the Department on the Necessity and Convenience of the service from Quincy to Spokane, and in December we were also granted this Certificate which, in connection with the service we now operate from Wenatchee to Quincy, will make a through operation between Spokane and Wenatchee. A grant of this Certificate has been attacked by both the Auto Interurban Company of Spokane, and the Great Northern Railway, and the matter will come on for trial in the Superior Court of Thurston County in January and will undoubtedly be taken to the Supreme Court of the State. We will commence the operation as soon as proper equipment can be manufactured and delivered.

COMPARISON

To briefly call to your attention our splendid growth and the results therefrom, I submit:

Coach Miles Operated:

1926	754,784
1927	994,124
1928 (computed from schedules)	1,194,874

and our revenues have increased from

1926	$152,733.85
1927	231,892.08
1928 (Estimated)	341,194.31

I call your attention to the increased Revenue per Coach Mile operated:

1926	$ .202
1927	.242
1928 (Estimated)	.28-1/2

COMPARATIVE REVENUES & EXPENSES

Revenues from all sources before adjustment in 1926 were $160,001.29, and in 1927 giving effect only to 52% of the Income on the Yakima Transit Company for the three months since our purchase and operation of same, totals $231,892.08.

Expenses for 1926 were $123,168.43, and for 1927 by the same method of computing the Yakima Transit Company ownership, amounted to $192,153.73.

We submit that owing to the late date of acquisition, especially of our interest in the Yakima Transit Company, full advantage of our methods of increasing the income, also the careful and systematic management of reducing expenditures, were not as thoroughly in force as will be the case for the coming year.

Taking into consideration the tremendous expenses during the year, and the general improvement along all lines by the Management, we are proud, and we believe justly so, of the showing made.

EQUIPMENT

The Company is now operating thirty-six passenger coaches and cars, and one combination Freight and mail truck, having a total value, again giving effect to 52% of the equipment owned by the Yakima Transit Company, of $152,499.93.

MAIL & SCHOOL CONTRACTS

A splendid portion of our business comes from Mail and School contracts, and we now have a Revenue per anum of $31,250.53 from same.

DEPOTS, EQUIPMENT & SHOPS

We have increased our equipment both as to number of cars and as to the quality. All repairs, rebuilding and repainting work is done in our own shops which have functioned splendidly.

A new combination Stage Terminal, Garage and shop is being erected for the Company at Wenatchee and will be ready for occupancy February 1st.

Improved Depot facilities have been established where-ever possible and necessary.

APPLICATIONS PENDING

Seattle to Sequim and Port Angeles for Freight Service.

Hearings were held December 6th and 7th, 1927, and a decision is now being awaited from the Board of Public Works.

Application has been made and is now pending before the Board of Public Works of the State of Washington, for passenger and Express service from Wenatchee, Yakima, Ellensburg and Cle Elum to Seattle.

FINANCIAL STRUCTURE

The Company enjoys a splendid position as regards Credit conditions. Our Preferred Stock has, and will pay, its regular quarterly dividends and as soon as the period of expansion and re-investment of earnings is complete, the Common can pay dividends.